CALIFORNIA FRANCHISE TAX BOARD

Legal Ruling No. 144

June 27, 1958

DESTRUCTION OF RETURNS: COMMENCEMENT OF HOLDING PERIOD

Syllabus:

The four year period prescribed by the Personal Income Tax Law for preserving returns commences to run on the date the returns are filed.

Advice is requested as to the date upon which the four year period prescribed by the Personal Income Tax Law, regarding the preservation of reports and returns, begins to run.

The word preserve connotes possession of the article to be preserved and possession, in relation to income tax returns, begins, with the date upon which a report or return is filed. Further, the scheme of both the Bank and Corporation Tax Law and the Personal Income Tax Law is to base original examination of records on dates returns are filed; to limit notices of proposed assessments to a period within four years after returns are filed; to limit credits or refunds to a period of four years from the last date prescribed for filing returns, etc. The commencement basic date by statute, in most instances, is the date returns are filed. Consequently, the "preservation" period prescribed in section 19281 likewise commences at that time and extends for at least four years, and thereafter until the Board orders the returns destroyed.